

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM**

**Meeting Date: June 19, 2012**

***Request for Final Resolution and***

***Assistance from the Small Business Assistance Fund and  
Request for Tax-Exempt Bond Allocation Approval***

Prepared by: *Alejandro Ruiz*

<b>Applicant:</b> Metropolitan Recycling, LLC and/or its Affiliates	<b>Amount Requested:</b> \$12,120,000
<b>Project Location:</b> Bakersfield (Kern County)	<b>Application No.:</b> 852 (SB)
	<b>Final Resolution No.:</b> 523
	<b>Prior Actions:</b> IR 11-09 approved 9/27/2011

**Summary.** Metropolitan Recycling, LLC and/or its Affiliates (the “Company”) requests approval of a Final Resolution and Volume Cap Allocation for an amount not to exceed \$12,120,000 to design and construct a modification to its existing Material Recovery Facility (“MRF”) as well as the purchase of processing and recycling equipment, and of rolling stock, drop boxes, bins, carts and containers (the “Project”). The new facility is designed to process 45,000 tons of materials per year. The Board approved the Initial Resolution in the amount of \$6,175,000 on September 27, 2011. Due to a franchise extension and a larger service area, the Company requests an increase via the Final Resolution to \$12,120,000. The Company also requests assistance from the Small Business Assistance Fund in the amount of \$39,120.

**Borrower.** The Metropolitan Recycling Corporation (MRC) opened for business in 1999. MRC was created as the waste diversion entity related to Kern Refuse, and the related refuse hauling companies (see below) which own both entities. MRC, which was created to respond to the necessity for greater recycling options, initially provided small volume sorting of construction and demolition waste including wood, aggregate materials, paper, plastic, dirt, sand and more. On April 7, 2010, the Company converted to an LLC.

The Company currently provides recycling services to the metropolitan Bakersfield area.

The members of the Company are as follows:

Varner Bros., Inc.	35%
Price Disposal, Inc.	30%
Superior Sanitation Service, Inc.	15%
Varner & Son Incorporated	15%
Howard’s Garbage Service	5%
<b>Total:</b>	<b><u>100%</u></b>

The members listed above are “Participating Affiliates” (as defined in the Indenture) of the Company (the “Participating Affiliates”).

**Legal Questionnaire.** The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the

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Legal Status portion of the application that raises questions concerning the financial viability or legal integrity of this applicant.

**TEFRA.** The first TEFRA hearing was held on March 15, 2012. A second TEFRA hearing for the increased bond amount and modified project was held on June 14, 2012. There were no comments received in support of or in opposition to this Project.

**Fees.** The Company paid an application fee of \$3,087.50 and will pay an administrative fee of \$21,152.50 upon closing.

**SBAF Assistance.** The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$39,120.

**Prior Financings.** The Company has the following financing outstanding:

<b>Description</b>	<b>Date of Bond Issue</b>	<b>Original Amount</b>	<b>Amount Outstanding as of 06/19/12</b>
Metropolitan Recycling 2000A	06/13/2000	\$3,400,000	\$2,070,000
<b>TOTAL:</b>		<b>\$3,400,000</b>	<b>\$2,070,000</b>

**Project Description.** The Company will design, develop and build a modification to its existing MRF to process recyclable materials. The Project consists of improving five acres of a 15 acre facility with upgraded electrical, water and sewer utilities and constructing an estimated 27,000 square foot building for warehouse, sorting and office facilities. The Company also plans to acquire mechanical recycling equipment including 700 feet of conveyors, six mechanical screens, sorters, separators, and hundreds of feet of sorting platforms, rolling stock and drop boxes, bins, carts and containers. The facility will be designed to process approximately 45,000 tons of material each year that will be marketed and sold to domestic and international customers.

Rolling stock and drop boxes, bins, carts and containers may be used by and/or located on the premises of the Participating Affiliates or the Company.

The Project will allow the Company to meet a change in State regulations with respect to legislated commercial recycling and diversion goals effective July 1, 2012.

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The anticipated Project and issuance costs are listed below:

Expansion of Existing Facilities	\$2,307,750
Site Preparation	300,000
Utilities	255,000
Acquisition and Installation of New Equipment	8,589,678
Engineering and Plans	105,000
Exterior/Site Improvement	208,000
Bond Issuance Expenses	242,400
Letter of Credit or Bond Insurance Fee	112,172
<b>Total Bond Amount</b>	<b><u>\$12,120,000</u></b>

*Note: The Project costs reported in the Company's application and shown here in staff's report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Company confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the Project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.*

**Anticipated Timeline.** The Company has already started purchasing equipment and anticipates completing the Project by the end of 2013.

**Local Government.** The Company received a letter of support from Mr. Paul M. Rojas, Public Works Director with the City of Bakersfield (Attachment A).

**Pollution Control and/or Environmental Benefits.** The Company represents the Project will generate the pollution control and environmental benefits described below.

**Waste Diversion.** Up to 90% of the materials that will be collected by the Project will be diverted from the local landfills where the materials previously were disposed.

**Air Quality.** Emissions associated with the transportation of materials will be reduced as the MRF is approximately 15 miles closer to the material collection points than the landfill.

**Energy Efficiency.** Less fuel will be required to transport materials to a MRF that is 32 miles closer than the landfill where they were previously disposed.

**Recycling of Commodities.** The recycling of commodities benefits the environment by reducing greenhouse gas emissions, conserving valuable landfill space, and minimizing the use of natural resources by recovering post-consumer materials and making them into new products. It is estimated that approximately 50% of the material processed, approximately 22,500 tons per year, will be recycled.

**Permitting and Environmental Approvals.** The Project will be undertaken within the limits of the company's existing Conditional Use Permit. No discretionary permits are required.

**Financing Details.** The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the Project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Comerica Bank that is rated at least "A-" by Fitch Rating Agency or equivalent. The target date for financing is July 19, 2012.

**Financing Team.**

**Underwriter:** Westhoff, Cone & Holmstedt  
**Bond Counsel:** Law Offices of Leslie M. Lava  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Final Resolution No. 523 and Volume Cap Allocation Resolution No. 09-136-04 for an amount not to exceed \$12,120,000, and a SBAF Resolution in an amount not to exceed \$39,120 for Metropolitan Recycling, LLC and/or its Affiliates.

**FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING OR REFINANCING OF  
SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT  
FOR METROPOLITAN RECYCLING, LLC AND/OR ITS AFFILIATES**

**June 19, 2012**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) has received the application of Metropolitan Recycling, LLC, a California limited liability company (the “Borrower”), for financial assistance to finance or refinance (i) the construction or improvement of one or more buildings to house a materials recovery facility and related sorting and office facilities, the construction of site improvements, including without limitation, upgraded electrical, water and sewer utilities and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including conveyors, screens, separators, sorting platforms and other equipment functionally related thereto, all to be located at 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307 (the “Site”), and (ii) the acquisition of rolling stock and drop boxes, bins, carts and containers to be located at one or more of the following locations: the Site, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307, 4033 Oregon Street, Bakersfield, California 93306 and/or customers in incorporated and/or unincorporated Kern County, California, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

**WHEREAS**, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$12,120,000 to assist in the financing or refinancing of the Project; and

**WHEREAS**, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

**WHEREAS**, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

**WHEREAS**, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division;

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority, as follows:

**Section 1.** The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

**Section 2.** Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Metropolitan Recycling, LLC Project) Series 2012A” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$12,120,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance or refinance the Project and to pay costs of issuance of the Bonds.

**Section 3.** The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before December 31, 2012, by negotiated sale, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract.

**Section 4.** The following documents:

- (i) a loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (ii) an indenture relating to the Bonds (the “Indenture”), between the Authority and the trustee named in the Term Sheet (the “Trustee”);
- (iii) a bond purchase contract (the “Purchase Contract”) among the Authority, the Treasurer of the State of California and the underwriter or underwriters named in the Term Sheet (the “Underwriters”), and approved by the Borrower; and
- (iv) the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture and the Purchase Contract and by delivery thereof in the case of the Preliminary Official Statement.

**Section 5.** The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise. For purposes of this Resolution, an “Affiliate” of the Borrower also means, without limitation, Howard’s Garbage Service, Price Disposal, Inc., Superior Sanitation Service, Inc., Varner & Son Incorporated and Varner Bros., Inc., or any successor thereto who also meets the definition of “Participating Party” in the Act.

**Section 6.** The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 7.** The Underwriters are hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriters are hereby directed to deliver (in a manner that complies with Securities and Exchange Commission rule 15c2-12(b)(3)) a copy of said final official statement (as finally executed, the “Official Statement”) to all actual purchasers of the Bonds.

**Section 8.** The Bonds, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

**Section 9.** The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the “Tax-Exempt Bonds”) of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project and to pay certain costs of issuance of the Tax-Exempt Bonds, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

**Section 10.** Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

**Section 11.** The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on January 17, 2012, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

**Section 12.** The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

**Section 13.** This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or

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suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

**EXHIBIT A**

TERM SHEET

**Name of Issue:** California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Metropolitan Recycling, LLC Project) Series 2012A, or such alternate designation as may be approved by the Executive Director of the Authority (the “Bonds”)

**Maximum Amount of Issue:** \$12,120,000 (tax-exempt)

**Issuer:** California Pollution Control Financing Authority (the “Authority”)  
Sacramento, CA

**Borrower:** Metropolitan Recycling, LLC, a California limited liability company

**Trustee:** The Bank of New York Mellon Trust Company, N.A.

**Underwriters:** Westhoff, Cone & Holmstedt

**Bond Counsel:** Leslie M. Lava, Esq.  
Sausalito, CA

**Remarketing Agent:** Westhoff, Cone & Holmstedt

**Project:** Finance or refinance (i) the construction or improvement of one or more buildings to house a materials recovery facility and related sorting and office facilities, the construction of site improvements, including without limitation, upgraded electrical, water and sewer utilities and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including conveyors, screens, separators, sorting platforms and other equipment functionally related thereto, all to be located at 2601 S. Mt. Vernon Avenue,

Bakersfield, California 93307 (the “Site”), and (ii) the acquisition of rolling stock and drop boxes, bins, carts and containers to be located at one or more of the following locations: the Site, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307, 4033 Oregon Street, Bakersfield, California 93306 and/or customers in incorporated and/or unincorporated Kern County, California.

<b>Maximum Bond Term:</b>	Not to exceed 30 years
<b>Type of Sale:</b>	Negotiated sale
<b>Description of Minimum Denominations:</b>	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
<b>Financing Structure:</b>	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
<b>Maximum Interest Rate:</b>	12%
<b>Letter of Credit:</b>	Provided by Comerica Bank
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	Comerica Bank: “A“ (Minimum “A-”)
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Leslie M. Lava, Esq. Law Offices of Leslie M. Lava (415) 331-6464

**RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO ASSISTANCE FROM THE SMALL BUSINESS ASSISTANCE FUND  
FOR METROPOLITAN RECYCLING, LLC AND/OR ITS AFFILIATES**

**June 19, 2012**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Metropolitan Recycling, LLC, a California limited liability company, and/or its Affiliates (the “Borrower”), for financial assistance to finance or refinance (i) the construction or improvement of one or more buildings to house a materials recovery facility and related sorting and office facilities, the construction of site improvements, including without limitation, upgraded electrical, water and sewer utilities and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including conveyors, screens, separators, sorting platforms and other equipment functionally related thereto, all to be located at 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307 (the “Site”), and (ii) the acquisition of rolling stock and drop boxes, bins, carts and containers to be located at one or more of the following locations: the Site, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307, 4033 Oregon Street, Bakersfield, California 93306 and/or customers in incorporated and/or unincorporated Kern County, California, as more particularly described in Application No. 00852(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 519 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

**WHEREAS**, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

**WHEREAS**, the Authority has received and accepted an application from the Borrower for assistance from the Fund; and

**WHEREAS**, the Borrower has demonstrated a financial capability to make loan payments to the satisfaction of the issuer of a direct pay letter of credit securing the Bonds, as named in the Final Resolution; and

**WHEREAS**, authorization of assistance from the Fund is now sought;

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority, as follows:

**Section 1.** The Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 Edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

**Section 2.** The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

**Section 3.** The Authority hereby authorizes and approves up to \$39,120 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain

costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director of the Authority based upon the final terms of the sale of the Bonds.

**Section 4.** The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

**Section 5.** This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

**THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**RESOLUTION NO. 09-136-04**

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2009 STATE  
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN  
EXEMPT FACILITY PROJECT**

**WHEREAS**, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Metropolitan Recycling, LLC and/or its Affiliates (“Project Sponsor”) for approval of the issuance of revenue bonds; and

**WHEREAS**, on June 19, 2012, CPCFA approved Final Resolution No. 519 (“Final Resolution”) authorizing the issuance of up to \$12,120,000 of its solid waste disposal revenue bonds (Metropolitan Recycling, LLC Project) Series 2012 (“Bonds”); and

**WHEREAS**, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the Project to CPCFA which were relied upon by CPCFA in approving the Final Resolution; and

**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2009 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and procedures. Accordingly, capitalized terms not otherwise defined shall have the meanings ascribed to them in the “Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Procedures”); and

**WHEREAS**, it is appropriate for CPCFA to confirm the use of a portion of the 2009 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

**NOW, THEREFORE**, CPCFA resolves as follows:

**Section 1.** CPCFA Allocation in the amount of \$12,120,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

**Section 2.** The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

**Section 3.** Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

**Section 4.** The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been issued by CPCFA by the close of business on **September 17, 2012**. In a case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to thirty (30) business days.

**Section 5.** Within twenty-four (24) hours of issuing the Bonds, CPCFA shall notify CDLAC via the email or the fax number as provided in Section 5140 of the CDLAC Regulations that the Bonds have been issued. This notice shall identify the Project Sponsor, the Project or program, the date and amount of the Bonds issued.

**Section 6.** Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

**Section 7.** Any differences between the amount of Bonds issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

**Section 8.** In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

**Section 9.** The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by CDLAC or CPCFA.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 09-136-04**  
**(AN EXEMPT FACILITY PROJECT)**  
**EXHIBIT A**

1. Project Sponsor: Metropolitan Recycling, LLC and /or Its Affiliates
2. Application #: 852 (SB)
3. Project User: Metropolitan Recycling, LLC and/or Its Affiliates
4. Project Name: Metropolitan Recycling, LLC Project and/or Its Affiliates
5. Location: Bakersfield (Kern County)
6. Credit Enhancement or Private Placement Purchaser: Comerica
7. The Credit Enhancement Provider/Private Placement Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$12,120,000

Attachment A



PUBLIC WORKS DEPARTMENT  
1600 TRUXTUN AVENUE  
BAKERSFIELD, CA 93301  
(661) 326-3724

RAUL M. ROJAS, DIRECTOR • CITY ENGINEER

March 26, 2012

Mr. Michael Paparian  
Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

Re: California Pollution Control Financing Authority, Exempt Facility Approval  
for Metropolitan Recycling, LLC Project

Dear Mr. Paparian:

I write to you today on behalf of Metropolitan Recycling, LLC ("Metropolitan") with respect to their commercial recycling project for which approval for financing will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in April.

My staff and I have worked with the management of Metropolitan over the past year in their development of the proposed project and they now have a twenty year lease term on the property as requested for approval of the financing. I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

We agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Bakersfield I would appreciate it if you would approve the Metropolitan Project. Thank you.

Very truly yours,

  
RAUL M. ROJAS  
Public Works Director

Cc: Jacob Panero